Report to the Minister for Social Protection on Budget 2012 Proposals Regarding Domiciliary Care Allowance and Disability Allowance

Advisory Group on Tax and Social Welfare

Second Report: Review of Budget 2012 Proposals Regarding Disability Allowance and Domiciliary Care Allowance

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Table of Contents

Table of Figures and Tables

Chapter 1

Introduction and Overview

1.1. Introduction

The Advisory Group on Tax and Social Welfare was established by the Minister for Social Protection in June 2011. The Group's terms of reference are wide ranging and are set out in full in Appendix 1. Following Budget 2012, the Minister referred the following additional terms of reference to the Advisory Group:

a. To examine and report on the policy objectives underpinning the Budget 2012 proposals regarding:

  i. Changes in the eligibility criteria and rates of payment for Disability Allowance (DA);

  ii. The increase in the age threshold for payment of Domiciliary Care Allowance (DCA);

b. To assess the effectiveness of the Budget 2012 proposals in delivering on the policy objectives taking account, inter alia, the ease of implementation and the timing/phasing of implementation; and

c. To consider alternative ways as to how the policy objectives might be achieved.

This report (the Group's second modular report to the Minister) sets out the findings of the Advisory Group on this issue and its recommendations.

1.2. Budget Proposals

The measures announced in Budget 2012 provided for the following changes to the DA and DCA payments:

- From January 2012, extend the minimum age of entitlement for DA from 16 years to 18 years for new claimants.
- From January 2012, extend the upper age of entitlement for DCA to age 18 years for any new claimant who on 1/1/12 was under 16 years of age.
- From April 2012, for new claimants aged 18-24, align the rates of payment for DA with Jobseeker's Allowance (JA) rates for that age group, that is, €100 a week for people aged 18-21 and €144 a week for people aged 22 to 24.

These age-related rates of payment of DA would not have applied in the following cases:

- People who were already in receipt of DA, regardless of their age.
- Claimants with dependent children.

- People under age 25 participating in a course of education, training or Community Employment. (When the course ends, the person would revert to their previous entitlement.)
- People aged 22 to 24 who are taking part in the Work Placement Programme run by FÁS.
- Where a person aged under 25 was in receipt of the standard rate and relinquished entitlement for a period of up to a year, (for example, if living abroad) they would receive the full weekly rate on resumption.
- Certain children in the care of the HSE during the 12 months before reaching 18 years of age would be eligible for the DA rate for people aged 25 or over.

1.3. Department of Social Protection (DSP) policy rationale for proposed changes

Disability Allowance is the only social welfare payment that is payable directly to people under the age of 18. When it was introduced in the early 1950s as the Disabled Person's Maintenance Allowance (DPMA), the minimum age of 16 was set as many people left school at the then mandatory school attendance age of 14 and educational and employment opportunities for people with disabilities were very limited. The social welfare system does not, in general, provide benefits which could encourage early school leaving and generate early welfare dependency. There are concerns around the control and use of the payment and whether many young people with disabilities (or any young people) are in a position to manage incomes of €188 a week. In some circumstances, parents and guardians are the financial agents for people with disabilities aged 16 and 17 and the income may come to be regarded as an element of the overall household income rather than a direct income support for the individual concerned.

Changes to the age threshold of DA therefore sought to address this anomalous position within the welfare system. At the same time Budget 2012 proposals would have addressed the gap created by DA moving to age 18 by simultaneously extending the age threshold of DCA to age 18, thereby continuing to support the parents of young people with disabilities, aged between 16 and 18.

The review of the DA scheme, published in 2010[1], found that the case for increasing the minimum age for DA from 16 to 18 was compelling. The review is referenced in the EU/IMF Programme of Financial Support for Ireland and the DSP was required to report in the first quarter of 2012 on how the range of recommendations contained in the report are being implemented.

[1] Department of Social Protection (2010) *Value for Money Review of the Disability Allowance scheme*. DSP: Dublin. http://www.welfare.ie/EN/Policy/CorporatePublications/Finance/exp_rev/Pages/DAReviewFinal.aspx

The key purpose of the measure to align DA rates with JA rates was to discourage the development of welfare dependence at an early age and to avoid the creation of disincentives to young people for taking up opportunities for education, training and employment. The measure would also have removed incentives for younger JA recipients to seek recourse to DA in order to secure a higher welfare payment.

1.4. Current Expenditure on Domiciliary Care Allowance and Disability Allowance

Table 1.1 outlines the expenditure on DA from 2001 (five years after it was transferred to the now DSP from the Health Services Executive (HSE)). It also details the expenditure on DCA after its transfer to the DSP in 2009.

Table 1.1 Expenditure and Recipients, Domiciliary Care Allowance and Disability Allowance, 2001-2011

	Disability Allowance			Domiciliary Care Allowance **		
	Recipients	Beneficiaries	Cost(€000)	Recipients	Beneficiaries	Cost(€000)
2001	57,655	75,593	€332,308			
2002	62,783	83,562	€407,585			
2003	67,720	89,533	€463,608			
2004	72,976	96,740	€544,489			
2005	79,253	104,319	€630,728			
2006	83,697	109,756	€738,431			
2007	89,048	117,797	€901,131			
2008	95,754	127,422	€1,052,660			
2009	99,576	132,913	€1,142,769			
2010	101,111	134,788	€1,109,505	23,428	25,234	€95,710
2011	102,866	137,469	€1,089,178	24,101	25,914	€99,924

** DSP took over responsibility for new claims from 1/4/09 and for existing claims from 1/9/09
Source: DSP, 2012

1.5. Current and Proposed Arrangements for Domiciliary Care Allowance

DCA is currently payable at €309.50 a month (€3,714 a year). It is not means tested and eligibility is based on a level of continuous care and attention, lasting at least one year, needed by the child. This level is assessed through a medical assessment. Table 1.2 sets out payment rates for DCA and associated benefits.

Table 1.2 Payments for DCA and Associated Benefits

Scheme	Amount (a week)			
	In receipt of Carer's Allowance (40% of DCA recipients)		Not in receipt of Carer's Allowance (60% of DCA recipients)	
	1 child	2 children	1 child	2 children
DCA	€71.23	€142.46	€71.23	€142.46
Carers Allowance	€204.00	€306.00	€0	€0
Household Benefits package	€13.81	€13.81	€0	€0
Respite Care Grant (automatic)	€32.61	€65.21	€32.61	€65.21
Free Travel Pass (estimated)	€5.75	€5.75	€0	€0
Child Benefit	€32.22	€64.44	€32.22	€64.44
Total potential income a week	€359.62	€597.67	€136.06	€272.11
Total potential income a year	€18,750.59	€31,162.51	€7,094.17	€14,187.82

Note: Total potential income is higher if Increases for a Qualified Child or other social welfare benefits are also in payment.
Income equivalents (a week/a year) calculated on the basis of 52.14 weeks a year
Source DSP, 2012

Budget 2012 proposals set out that in addition to raising the age threshold for DA to 18, the DCA payment age threshold should also be extended from age 16 to age 18 as a compensatory mechanism, to ensure continued coverage of those with a disability in this age group.

1.6. Current and Proposed Arrangements for Disability Allowance

Current arrangements mean that a person with a disability may claim DA in his/her own right from age 16, at a maximum rate of €188 a week (€9,776 a year). It is subject to a means test – the means of the person with the disability are assessed, not those of his/her parents. The breakdown of DA payment and other potential payments is given in Table 1.3.

Table 1.3 Current Payment Rates for DA and Associated Benefits

Scheme	Amount (a week)
DA	€188.00
Carers Benefit/Allowance (full)	€204.00
Household Benefits package	€13.81
Respite Care Grant	€32.61
Free Travel Pass (estimated)	€5.75
Fuel Allowance	€20
Child Benefit	€32.22
Total potential income a week (if all benefits in payment)	€496.39
Total potential income a year (if all benefits in payment)	**€25,881.77**

Source: DSP, 2012

Proposals for DA under Budget 2012 were:

- From January 2012, any person who was 16 years of age or older and already receiving DA would continue to receive that amount. No existing payment would have been reduced on grounds of the person's age.
- From January 2012, a person with a disability who was 16 or 17 years of age or younger and who had not already claimed DA would not have been able to claim DA until he or she reached 18 years of age.
- From April 2012, new claimants aged 18, 19, 20 or 21 years of age would have received a maximum personal payment rate of €100 a week. Those aged 22, 23 or 24 years of age would have received a maximum personal payment rate of €144 a week. New claimants aged 25 years of age or more would qualify for a maximum personal payment rate of €188 a week.

1.7. Income Differentials in the Payment of DA and DCA

Tables 1.2 and 1.3 illustrate some of the income differences between current payment rates of DA and that of DCA. Calculating the income gain/loss from Budget 2012 proposals is complicated by payment of a range of associated benefits, reduced payments due to earnings above the income disregard and/or whether half- or full-rates of payment are being made. Receipt or not of Carer's Allowance/Benefit is perhaps the most significant factor here.[2]

At the end of March 2012, there were almost 50,500 carers in receipt of Carer's Allowance. Of these some 22,000 were in receipt of the half rate Carer's Allowance in addition to another social welfare payment. The means test for Carer's Allowance is one of the most liberal in the social welfare system, most notably with regard to spouse's earnings. The income disregard is currently €332.50 a week for a single person and €665 a week for a couple. This means that a couple with two children can earn in the region of €35,400 and qualify for the maximum rate of Carer's Allowance. A couple with an income in the region of €59,300 can still qualify for a minimum payment, as well as the associated Free Travel Pass and Household Benefits package.[3] Receipt of this payment as well as the DCA or DA is therefore a significant factor in considering household or individual income of these recipients.

An additional consideration in estimating income/gain loss from proposed changes is the contribution of tax credits. These are not included in Table 1.2 and 1.3 for a

[2] Although it is not possible to specifically identify numbers of, or spend on, those in receipt of DA/DCA and Carer's payments, expenditure on CA, CB and RCG was €658 million in 2011. This represents an increase of nearly €70 million from when half-rate payments were introduced in 2008 (DSP, 2012).

[3] New applicants for Carer's Allowance from 1st April 2012, who are not living with the person for whom they are providing care, are not entitled to the Household Benefits package. The person receiving care may be entitled to the Household Benefits package in their own right. Carers who reside with the person they are caring for continue to have an entitlement to the Household Benefits package. Similarly, non-resident carers in receipt of the package prior to 1st April 2012 continue to retain the benefit.

number of reasons: 1) the age and residence of the child in receipt of tax credits is not recorded; 2) it is not possible to give a reasonable estimate or average of income from potentially multiple tax credits for a given household; and 3) although the largest spend here is in Incapacitated Child Tax Credit (adding a possible weekly contribution to household income of €63), a substantial portion of DA and DCA claimants appear not to be getting the credit. In 2010 there were approximately 26,000 DCA claimants and only 12,251 claimants for Incapacitated Child Tax Credit (approximately one third of recipients are estimated to be over the age of 18). [4]

Another consideration, which again is not possible to cost, is receipt of a medical card. Data is not available on medical card coverage by recipients of social welfare schemes but it can be assumed that virtually all recipients of DA qualify.[5] Loss of other secondary benefits is also an issue. Again, the lack of data on receipt of these in conjunction with DA and DCA makes costing these difficult. Anecdotal evidence would suggest that loss of Rent Supplement or Mortgage Interest Supplement is a particular issue and may need to be considered in income gain/loss should proposed changes to DA and DCA affect entitlement to these benefits.

A final consideration is that there are a number of additional supports and services that contribute directly to household or individual income or offset expenditure that would otherwise be drawn from that income. The complexity and lack of integration of these supports and services are set out in Chapter 2. Although it is not within the Group's Terms of Reference to examine these in any detail, estimates of income loss/gain cannot be viewed in isolation from these broader issues.

1.8. Expenditure Savings and Numbers Affected by Proposed Changes

Table 1.4 illustrates the DSP estimation of cost savings arising from proposed changes in respect of extending the minimum age of entitlement for DA from 16 years to 18 years of age for new claimants and extending the upper age of entitlement for DCA to 18 years of age. This would yield savings of around €10 million in a full year and affect some 1,700 recipients.

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[4] This is calculated by matching the Incapacitated Child Tax Credit recipients who are also in receipt of Child Benefit, However, the incapacitated child may not be the one in respect of whom the Child Benefit is being paid. 8,305 recipients of the Incapacitated Child Tax Credit also get Child Benefit, giving a rough estimation of approximately two third of the 12,251 Incapacitated Child Tax Credit recipients (in 2010) who are under 18 and one third who are over 18.

[5] On the basis that although there are differences in medical assessment and means-testing between the two, DA recipients are likely to meet eligibility criteria for medical cards. Medical card eligibility for DCA recipients is more difficult to determine given that DCA is not means tested, although it is likely that many DCA recipients meet some or all of the criteria for some form of a medical card.

Table 1.4: Increasing Minimum Age of Entitlement from 16 to 18 Years

Year	Savings €m	Numbers affected
2012	3.7	530
2013	8.9	1,470
2014	10.4	1,710
2015	10.4	1,710
Full year	10.4	1,710

Source: DSP, 2011

Table 1.5 shows that the estimated savings from the proposal to align the rates of payment for DA with JA rates for new claimants aged 18-24 are €36 million in a full year and about 10,000 recipients would be affected.

Table 1.5: Aligning Disability Allowance rates with Jobseeker rates

Year	Savings €m	Numbers affected
2012	3.7	1,470
2013	14.3	4,240
2014	22.1	6,290
2015	27.2	7,750
Full year	36.2	10,170

Source: DSP, 2011

1.9. Consultation

As part of the consultation process for the Advisory Group, an invitation was placed in national newspapers inviting interested organisations, stakeholders or individuals to make written submissions on the topic of DA and DCA. A further call for submissions was also issued to those who had registered an interest in making submissions at various stages of the Advisory Group consultation process. 40 replies were received on this topic and a summary of the key issues raised and a list of those who made submissions is set out in Appendix 2.

Chapter 2

History and Context of Disability Policies and Legislation in Ireland

2.1. Introduction

Income maintenance policies and supports are the main concern of the Group's deliberations, but they are only one aspect of the provision of supports and services for people with disabilities. This chapter contextualises the Group's deliberations on Budget 2012 proposals by broadly outlining disability policies, supports and services in Ireland. The history and policy objectives of DA and DCA are discussed at the end of the chapter.

2.2. Disability Policy in Ireland

In Ireland as elsewhere, the overall policy objectives for people with disabilities have evolved from passive supports and services to trying to ensure that people are supported to lead full and independent lives, to participate in work and society and to maximise their potential. Such objectives have been directly or indirectly enshrined in a number of strategies, legislation and other Government policies and programmes. Most recently, the Government's *Programme for Government 2011-2016* contains a commitment to 'ensure that the quality of life for people with disabilities is enhanced and that resources allocated reach the people who need them'.[6] In particular the *Programme for Government* cites the implementation of the National Disability Strategy as a key action.

<u>National Disability Strategy</u>

The National Disability Strategy, published in 2004, remains the overarching strategy setting out disability policy in Ireland.[7] The Strategy is underpinned by a number of pieces of legislation, notably the Disability Act 2005, the Education for Persons with Special Educational Needs Act (the EPSEN Act) and the Citizens Information Act 2007. Each has measures that contribute to the overall policy objectives of ensuring that people with disabilities are able to live full and independent lives, although not all of these have been implemented. The Disability Act 2005 includes a provision for an individual assessment of need for people with disabilities. This has been partially implemented. Under the EPSEN Act, the National Council for Special Education was

[6] Government of Ireland (2011) *Programme for Government 2011-2016*. Government Stationery Office: Dublin, p. 24. http://www.merrionstreet.ie/wp-content/uploads/2010/05/Programme_for_Government_2011.pdf

[7] Government of Ireland (2004) *National Disability Strategy.*Goverment Stationery Office: Dublin. See http://www.justice.ie/en/JELR/NDS.pdf/files/NDS.pdf

established and an inclusive approach to the education of children with special educational needs was progressed but other aspects, including the individual assessment of educational needs, have not been implemented. The Citizens Information Act 2007, among other things, provides that the Citizens Information Board (CIB) would employ personal advocates, with a range of statutory powers, to provide a Personal Advocacy Service. While the CIB has established a national advocacy service, it is not on a statutory basis as envisaged by the Act.[8]

The Minister of State at the Department of Health with responsibility for disability policy set up the National Disability Strategy Implementation Group in November 2011 to develop an implementation plan for the strategy. It is chaired by the Minister and includes representatives from the relevant government departments, the main service providers, the local authorities and individual people with disabilities.

<u>Cost of disability payment</u>

Many of the reviews of disability policies and programmes have cited the need for a "cost of disability" payment. It was first recommended in 1996 by the Commission on the Status of People with Disabilities and subsequently re-examined in an inter-departmental working group chaired by the Department of Health and Children. (Research was also commissioned on its behalf by the National Disability Authority). A commitment to examining issues around this payment was included in *Towards 2016.*[9] The inter-departmental group concluded that the consideration of the introduction of a cost of disability payment is dependent on both the availability of comprehensive data, and a structured process of the assessment of need.[10]

2.3. Disability Health Services

Submissions to the Group frequently cite issues about access to and provision of disability services, which have a bearing on proposed changes to the DA and DCA. A *Value for Money and Policy Review of Disability Services in Ireland* was published in August 2012.[11]

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[8] The development of the Personal Advocacy Services for people with disabilities on a statutory basis was deferred by Government in 2008.

[9] Government of Ireland (2007) *Towards 2016: Ten Year Framework Social Partnership Agreement 2006-2016*. Government Stationery Office: Dublin.

[10] See NDA commentary on Cost of Disability Research Project: Report submitted to the National Disability Authority by Indecon International Economic Consultants (2004): http://www.nda.ie/Website/NDA/CntMgmtNew.nsf/0/EF734FD9D0C04B3880256E690055CFFB/$File/DisabilityCost.pdf and Keogh, F. and Expert Reference Group on Disability Policy (2010) *Report of Disability Policy Review*. Department of Health:Dublin.

[11] Department of Health (2012) *Value for Money and Policy Review of Disability Services.* Department of Health: Dublin. See www.dohc.ie/publications/VFM_Disability_Services_Programme_2012.html

This review examines the efficiency and effectiveness of the disability services funded by the HSE through its Disability Services Programme. The services (which include residential, day care, respite and personal assistant services) are provided directly by the HSE or by non-statutory service providers who have service level agreements (SLAs) with the HSE or get grants from the HSE. While the review was not concerned at all with income maintenance payments, some of its findings and recommendations are relevant to any consideration of these payments. In particular, its recommendations on individualised budgeting and resource allocation are directly relevant to the issues which arise for income maintenance policies for children and young people with disabilities.

The review found that it was difficult to assess the efficiency and effectiveness of the various services because of the absence of relevant data. There is not enough information available on the costs, quality or outcomes of the different services. There is no national standard methodology for assessing the needs of people with disabilities or for linking those needs with target outcomes. Similarly, there is no nationally agreed means of predicting the amount of resources which an individual is likely to require, nor is there any common method of calculating the amount of resources which an individual actually consumes and the cost of those resources. There are no national indicators to objectively measure the effectiveness of the Disability Services Programme in promoting personal progression, community inclusion and the application of choice, control and independence.

The main recommendation of the review is that there should be a change from the current arrangements which are largely centred on block grants for the provision of group-based services to arrangements which are based on the needs and wishes of individuals. This should be underpinned by a more effective method of assessing need, allocating resources and monitoring the use of those resources.

The review recommends that a national resource allocation model be developed in order to ensure best use of existing resources and provide the groundwork for individualised budgeting. This would be based on a standardised and appropriate assessment of need process, a methodology for associating standard costs with assessed needs and transparent protocols for determining the basis for allocating resources. The review recognises that since not all needs can be met by the HSE, the protocols for prioritising need and deciding which needs are met and which are not should be transparent, fair and equitable.

The *Programme for Government 2011-2016* includes a commitment to 'move a proportion of public spending to a personal budget model so that people with disabilities or their families have the flexibility to make choices that suit their needs best. Personal budgets also introduce greater transparency and efficiency in funding services'.[12]

2.4. Employment, training and education supports

Existing employment supports for people with disabilities formerly provided by FÁS are now provided by the DSP. The Department's service for people with disabilities has been given the title 'EmployAbility'. The service provides a number of both employer-side and employee-side supports. These include, for example, job coaching and training, the wage subsidy scheme and the employee retention grant. People with disabilities can also avail of schemes and initiatives such as the Back to Work Enterprise Allowance and (from May 2012) the national internship scheme JobBridge. In addition, about 5,000 people with disabilities are taking part in the Community Employment programme.

Rehabilitative training is the responsibility of the Department of Health. About 3,000 people avail of such training each year. Almost all trainees are receiving DA and they receive a top-up payment. A recent review by the HSE[13] suggests that all training should be the responsibility of the DSP (FÁS) and the HSE should have no function in the matter.

2.4.1. Partial Capacity Benefit

A new and voluntary Partial Capacity Benefit scheme was introduced in 2012 to address a limitation of the welfare system, by explicitly recognising and responding to the reality that some people with disabilities have a capacity to engage in open market employment while continuing to need some income support from the State. There is no requirement that the work a person does while on Partial Capacity Benefit has to be for rehabilitative or therapeutic purposes as had been the case with previous schemes. The objective of the scheme is to incentivise such people to return to the workplace without fear of loss of their disability related social welfare

[12] Government of Ireland (2011) *Programme for Government 2011-2016*. Government Stationery Office: Dublin, p. 24. http://www.merrionstreet.ie/wp-content/uploads/2010/05/Programme_for_Government_2011.pdf
[13] (2012) *New Directions – Personal Support Services for Adults with Disabilities*. HSE: Dublin.

benefits. To qualify for Partial Capacity Benefit the claimant's restriction on capacity for work is assessed as moderate, severe, or profound. Those assessed as mild do not qualify and their continued eligibility to Illness Benefit or Invalidity Pension is also reviewed. There is no restriction on earnings or number of hours worked. Working in a self-employed capacity is allowed while getting Partial Capacity Benefit.

2.4.2 Education supports

People with disabilities can also avail of education supports, such as the Back to Education Allowance (BTEA) or Vocational Training Opportunities Scheme (VTOS). In 2010/11, it was estimated that 6.4% of new entrants (just over 2,500) to higher education had one or more disabilities. From 2010/2011 those claiming DA and applying for these schemes for the first time, have to choose how to receive payment. They must decide whether to stay on their current payment and apply for a student maintenance and a fees grant, with the likely loss of secondary benefits such as Rent Supplement; or, to transfer to the BTEA, receive a €500 Cost of Education Allowance, no maintenance grant, be able to work part-time and in general retain secondary benefits subject to existing income limits. If choosing to transfer to BTEA, they can apply for a means-tested fees grant, but if living at home it is the parents' income that is taken into consideration.

The Fund for Students with Disabilities, supported by the European Social Fund and administered by the Higher Education Authority, supported 6,090 students in 2010/11. There does not seem to be any connection between qualifying for a DCA/DA and qualifying for support from this fund.

2.5. Income Tax and Tax Credits

People with disabilities are, in general, liable to pay tax on their incomes in the same way as everyone else. The tax system does, however, provide additional tax credits and allowances and exempts certain incomes from tax for people with disabilities of a permanent nature.

Of particular importance is the Incapacitated Child Tax Credit, which can be claimed by a parent in respect of a child who is permanently incapacitated either physically or mentally from maintaining himself or herself and had become so before reaching 21 years of age or finishing full-time education or full-time training for a trade or profession. There is no income restriction for entitlement and no age cut off point in respect of the child who is the subject of the claim. The entitlement to the credit, once established, continues indefinitely. The amount of the Incapacitated Child Tax Credit for 2012 is €3,300. In 2010 there were 12,251 claimants with a total cost of €39 million. This is approximately €2m more than the total savings from aligning DA rates with JA rates for people aged 18 to 24. The Incapacitated Child Tax Credit is of benefit only to taxpayers who are liable for tax. Clearly, a substantial number of recipients of DCA are either not liable for tax or are not claiming this credit as there are 26,000 DCA beneficiaries and only 12,251 claimants of the tax credit (an estimated one third of whom are claiming in respect of children over the age of 18). The Commission on Taxation Report (2009) recommended, 'when direct expenditure support at the appropriate level is in place, the incapacitated child tax credit should be discontinued'.[14] The Commission did not specify what it regarded as appropriate direct expenditure support.

Other tax credits and allowances, due to their relatively limited coverage of the entire population of people with disabilities, are of less significance to the issues arising here. However, the tax reliefs for drivers and passengers with disabilities constitute a nod in the direction of a cost of disability payment in that they contribute to the extra costs of transport for people with disabilities. A list of other relevant tax credits and allowances are set out in Appendix 3.

2.6. Contextualising the Role of Direct Income Support Measures

While the DA and the DCA are the two main direct income support measures for people with disabilities, it is clear that they cannot be considered in isolation from other supports. DA and DCA are not intended as a means to purchase services but there is anecdotal evidence suggesting that the DCA, in particular, is sometimes being used for precisely that purpose.

2.7. History of Disability Allowance

The Disability Allowance scheme has its origins in the Disabled Person's Maintenance Allowance (DPMA) which was introduced by Section 50 of the Health Act 1953. DPMA was to be paid by the then health authorities to 'disabled persons over sixteen years of age who are unable to provide for their own maintenance and whose relatives within the meaning of this subsection are unable to provide maintenance for them.'[15] Section 50 also provides that the health authorities were

14 Commission on Taxation (2009) Report of the Commission on Taxation. Government Stationery Office: Dublin, p 261.
http://www.commissionontaxation.ie/downloads/Commission%20on%20Taxation%20Report%202009.pdf
15 Section 50(5) & (6) of the Health Act, 1953.

obliged to make training and employment services available to people with disabilities, although it appears that sheltered rather than mainstream employment and training were envisaged.

Most of the specific provisions in relation to DPMA were set down in regulations. The Disabled Persons (Maintenance Allowance) Regulations (1954) specified that the allowance would be payable to a person 'who by reason of injury, disease, congenital deformity, or physical or mental illness or defect which has continued for a year or may reasonably be expected to continue for at least one year from its onset, is … substantially handicapped in undertaking work of a kind which, if he were not suffering from that injury, disease, congenital deformity or physical or mental illness or defect, would be suited to his age, experience and qualifications'.[16]

The Health Act 1970[17] provided for the establishment of health boards and they took over responsibility for the payment of the allowance. The Social Welfare Act 1996[18] provided for the transfer of responsibility for the allowance to the DSP. In October 1996, DA was introduced to replace the DPMA and the existing DPMA recipients were automatically switched to the new allowance. Eligibility criteria were also set out in primary legislation. Since the transfer of responsibility in 1996, there have been a number of changes to the scheme including administering the scheme centrally; improvements in the conditions, rates of payments and earnings disregards; and the extension of the payment to those in institutional care.

2.8. Policy Objectives of Disability Allowance

In 2004 the *Report of the Working Group on the Review of the Illness and Disability Payment schemes* was published.[19] This report inferred the objectives of each scheme based on legislation and other background information on the schemes. The report also took account of moves, since the early 1990s, away from largely passive income support provision to a more active social welfare system in order to address issues of poverty and social exclusion and to make people more financially independent. The Working Group agreed the following objectives for the DA scheme:

[16] S.I. No. 207/1954 (1954) *Disabled Persons (Maintenance Allowances) Regulations*, http://www.irishstatutebook.ie/1954/en/si/0207.html
[17] Health Act (1970) see http://www.irishstatutebook.ie/1970/en/act/pub/0001/index.html
[18] Social Welfare Act (1996) see http://www.irishstatutebook.ie/1996/en/act/pub/0007/index.html
[19] Department of Social Protection (2004) *Report of the Working Group on the Review of the Illness and Disability Payment Schemes*, Department of Social Protection: Dublin.

- To provide assistance to people with disabilities whose employment capacity is substantially handicapped by reason of their disability and whose means are insufficient to meet their own needs and those of their dependents, and
- To encourage and assist people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities, where appropriate.

The Working Group further recommended that all illness and disability payments provided by the Department should focus on meeting the diverse income maintenance needs due to reduced employment capacity, of people who are ill and people with disabilities, and their dependents. At the same time the Working Group emphasised that access to employment, training and education was also critical for this group.

The 2010 Value for Money (VfM) Review of the Disability Allowance scheme concluded that the objectives identified in the 2004 review continue to be valid, relevant and appropriate for the DA scheme.[20] Furthermore, the structure of DA as a means-tested income support scheme, which includes specific features designed to support engagement in the labour market, was considered to be consistent with the Department's strategic objectives.

2.9. History of Domiciliary Care Allowance

Domiciliary Care Allowance (DCA) was introduced in 1973 on an administrative basis and was operated by the Health Boards. The allowance was established as 'a recognition of the extra care and attention that was being provided by the parents at home for a child with a severe disability'.[21] The rules of the scheme were set out in a circular from the Department of Health. This circular stated that children 'who have a severe disability requiring continual or continuous care and attention which is substantially in excess of that normally required by a child of the same age may qualify for DCA'. The allowance continued to be administered on an area basis following the replacement of the Health Boards by the HSE in 2005.

In February 2006, the Government decided to transfer the administration of a number of income support payments, including DCA, from the HSE to DSP, to improve efficiency and effectiveness by having all similar income support payments administered by the one agency. Responsibility was actually transferred from the HSE to the Department in April 2009, under the Social Welfare and Pensions Act

[20] DSP (2010) Value for Money Review of the Disability Allowance scheme. DSP: Dublin
[21] Written Answers-Social Welfare Code PQ 22409/12, Dail Eireann 3rd May 2012. http://debates.oireachtas.ie/dail/2012/05/03/00119.asp

2008.[22] The Act also established the DCA scheme on a legislative basis for the first time, using wording almost exactly the same as when the DCA was in the HSE: 'the child has a severe disability requiring continual or continuous care and attention substantially in excess of the care and attention normally required by a child of the same age'. The transfer took place in two stages: from April 2009 new claims have been processed by the DSP and from September 2010 claims previously paid by the HSE became the responsibility of the DSP.

An Expert Medical Group was established in advance of the transfer to the DSP to agree a set of national, consistent and objective guidelines in determining eligibility of children for the scheme (no such guidelines existed previously). The Group recommended assessments for medical eligibility should be on the basis of assessing evidence submitted by the claimant rather than by way of individual examination by the Department's Medical Assessors, as they are not involved in advising or treating the child.

2.10. Policy Objectives of DCA

Although the objectives of the DCA have not been directly set out in policy publications, it can be inferred from the wording of the medical criterion for qualification that the payment was meant to acknowledge the extra effort and cost involved in caring for a child with a severe disability. It is not means tested so it does not assess the income needs of parents. Insofar as it covers additional care and attention requirements, it could be perceived as a 'cost of disability' payment.

2.11. Recommendations Relating to Disability Payments To Date

Both the DA and the DCA have been considered in the work of various commissions and working groups, usually in the context of an overall review of income supports for illness and disability. These are summarised here for information.

The Report of the Commission on Social Welfare (1986) recommended:

- In respect on income supports for those aged 16-18, they should be encouraged to remain in school as long as practicable; or they should be given the opportunity of work or training.
- That the age limit for DCA should be raised from 16 to 18 years of age and that the qualifying age for the DPMA (now DA) is raised to 18 years of age.[23]

[22] Social and Welfare Pensions Act (2008) see http://www.irishstatutebook.ie/2008/en/act/pub/0002/index.html
[23] Government of Ireland (1986) *Report of the Commission on Social Welfare.* Government Stationery Office: Dublin, p. 200.

The Commission on the Status of People with Disabilities (1996) recommended:

- A unified scheme called the Disability Pension should be established to replace the existing Invalidity Pension, DA and Blind Person's Pension, payable to people aged 16 to 66 with a disability or illness resulting in their not being able to undertake work which would otherwise be suitable for a person of their age, experience and qualifications.[24]

The Working Group on the Review of the Illness and Disability Payment Schemes (2004):

- Did not recommend a change in the minimum age for payment of DA as it would create a significant gap in the then current range of income supports for young people with disabilities, but should be kept under review, in the light of other developments.[25] It should be noted that this review did not include the DCA as the DCA was administered by the health boards.

The VfM Review of the Disability Allowance Scheme (2010), among other issues, noted that the payment of DA at age 16:

- Carried with it the risk of creating a dependency on social welfare at a very young age and could generate disincentives to taking up education, training or employment opportunities;
- May give rise to issues within families as to the control and use of the payment and the capacity of some 16 year olds to manage their personal finances;
- Concluded therefore the case for increasing the minimum age for DA from 16 to 18 remains compelling, notwithstanding the very real issues associated with income impacts;
- Recommended therefore that options be developed to enable such a change to be introduced with the least possible impact on the households concerned.[26]

[24] Commission on the Status of People with Disabilities (1996), *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities.* The Stationary Office: Dublin, p. 128.
[25] Department of Social Protection (2004) *Report of the Working Group on the Review of the Illness and Disability Payment Schemes*. Department of Social Protection: Dublin, pp 162 – 166.
[26] DSP (2010) *Value for Money Review of the Disability Allowance scheme*. DSP: Dublin, pp 84 -88, 123.

Chapter 3

Profile of Disability Allowance and Domiciliary Care Allowance Recipients

3.1. Profile of Recipients: Disability Allowance (DA)

The inheritance of the DA scheme from the HSE and particularly the scarcity of comparable or longitudinal data mean that it is difficult to get a detailed profile of recipients, the date of onset and the duration of disability. However, as part of the 2010 Value for Money Review of the DA scheme[27], some data, including on recipients' age, gender and medical condition(s), was collated and analysed.

3.1.1. Medical Conditions of DA recipients

Determining the primary medical condition for receipt of the DA is complicated by the fact that many individuals have multiple medical conditions listed in their files. The VfM review attempted to assign the principal diagnosis on an individual's file to one of 25 Major Diagnostic Categories (MDCs). MDCs work on the basis of specified diagnosis codes which are then grouped into mutually exclusive categories. Assessment of medical conditions for DA, however, works on the basis of a medical practitioner's principal diagnosis rather than a specific diagnostic code. Therefore the assignment of that diagnosis to an MDC is on the basis of an implied rather than specified diagnostic code. The VfM identified 930 valid cases using this approach.

With the above caveats in mind, the VfM review identified that the most frequently occurring MDCs were:

- MDC 19: Mental Diseases and Disorders
- MDC 8: Diseases and Disorders of the Musculoskeletal System and Connective Tissue
- MDC 1: Diseases and Disorders of the Nervous System
- MDC 5: Diseases and Disorders of the Circulatory System

44% of all valid cases examined in the VfM were categorised as being in MDC 19. Part of this lies in the wide variety of conditions assigned to this category, ranging from Downs Syndrome to psychiatric illnesses. In almost 60% of these cases '…the onset of disability was at birth or under the age of 18' (DSP, 2010: 53). A small number of cases did record the date of onset of disability. For the remaining approximately 40%, the average age of onset was 34 years. The gender breakdown

[27] See DSP (2010) Value for Money Review of the Disability Allowance scheme. DSP: Dublin.

(61% male, 39% female) roughly reflects that of the overall DA cohort, as described below. However certain illnesses are over-represented in one gender. For example, of 92 recipients awarded DA for depression, 53% are female.

Of particular relevance to the potential progression of current DCA recipients into DA is the fact that 50% of those with Autism-related claims for DA relate to 2007 and 2008 alone with the remaining majority of claims dating from the 2000s. The average age of these DA claimants is 25, significantly lower than the average for the rest of the DA cohort (see below). Similarly, 7 of 13 ADHD-related claims were awarded in 2008. This, combined with the increases in DCA post-2002 (when children with Autism were first eligible to claim DCA), strongly suggests that there may be a spike in young DA claimants with Autism spectrum disorders and/or ADHD in the next decade.

The other significant MDCs all show broadly similar characteristics to the overall DA cohort. Data suggest that the DA scheme caters for a very broad range of conditions that are present from birth or early age; or developing in adulthood for example from occupational injury or lifestyle related illnesses. Two out of five claims are associated with mental illnesses and diseases, although the range of conditions here is very broad. An emerging issue is that, although at present a small cohort of the overall DA claims, there is a distinct upward trend in the number of claimants with Autism spectrum disorders and ADHD.

3.1.2. Age and Gender Profile of DA recipients

A random sample of 913 claims was analysed in the Value for Money Review of the DA scheme. The gender and age profile of those in receipt of DA in 2010 is given in Table 3.1. Tables 3.2 and 3.3 detail the number of claims by age group for the age at most recent claim date and current age of recipients, respectively.

Table 3.1: Current Age and Gender Profile of Disability Allowance Recipients

Age	Male Recipients (N)	Female Recipients (N)	Total
Under 25 years	7214	4,655	11,869
25 to 29 years	4,989	3,611	8,600
30 to 34 years	5,529	3,743	9,272
35 to 39 years	6,074	3,904	9,978
40 to 44 years	6,456	4,130	10,586
45 to 49 years	6,796	4,572	11,368
50 to 54 years	6,752	4,791	11,543
55 to 59 years	7,166	5,184	12,350
60+ years	9,198	6,347	15,545
Total	60,174	40,937	101,111

Source: DSP, 2010

The analysis indicated that the average age of claimants was 43 years, 44 years for females and 42 years for males.

Table 3.2: Profile of Disability Allowance Recipients by Age at which Most Recent Claim Was Made

Age	Females (N)	% of all Females	Males (N)	% of all Males	Total (N)	% of Total
under 20	85	23	152	28	237	26
20-29	69	18	79	14	148	16
30-39	47	13	92	17	139	15
40-49	73	20	101	19	174	19
50-59	73	20	97	18	170	19
60+	22	6	23	4	45	5
Total	369	100	544	100	913	100

Source: DSP, 2010
Number of cases: 913

Table 3.3 Current Age of Disability Allowance Recipients

Age	Females (N)	% of all Females	Males (N)	% of all Males	Total (N)	% of Total
under 20	19	5	58	11	77	9
20-29	65	18	84	15	149	16
30-39	61	16	80	15	141	15
40-49	67	18	120	22	187	21
50-59	87	24	115	21	202	22
60+	70	19	87	16	157	17
Total	369	100	544	100	913	100

Source: DSP, 2010
Number of cases: 913

The sample was also examined where claimants who entered the scheme at the age of 16 or 17 were excluded - such claimants will typically have a disability from birth, and will in most cases have been a beneficiary of DCA. The reduced sample (721 cases) showed an average age of 48 for females and 47 for males (see Table 3.4 and 3.5).

Table 3.4: DA Recipients Age at Most Recent Claim: Excluding those entering at 16/17 years old

Age	Females (N)	% of all Females	Males (N)	% of all Males	Total (N)	% of Total
under 20	18	6	27	7	45	6
20-29	69	23	79	19	148	21
30-39	47	16	92	22	139	19
40-49	73	24	101	24	174	24
50-59	73	24	97	23	170	24
60+	22	7	23	5	45	6
Total	**302**	**100**	**419**	**100**	**721**	**100**

Source: DSP, 2010
Number of cases: 721

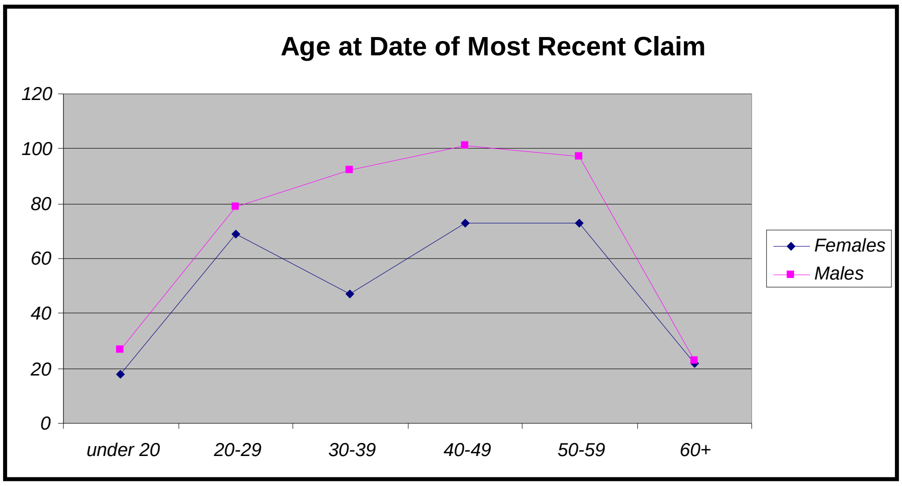
Table 3.5: DA Recipients Current Age: Excluding those entering at 16/17 years old

Age	Females (N)	% of all Females	Males (N)	% of all Males	Total (N)	% of Total
under 20	0	0	1	0	1	0
20-29	38	13	44	11	82	11
30-39	50	17	67	16	117	16
40-49	62	20	111	26	173	24
50-59	83	27	110	26	193	27
60+	69	23	86	21	155	22
Total	**302**	**100**	**419**	**100**	**721**	**100**

Source: DSP, 2010
Number of cases: 721

The data in these tables are presented in pictorial form beneath for ease of reference (Figure 3.1 and Figure 3.2). The age at which the most recent claim for DA was made peaks at 40-49, for both males and females. It is not immediately obvious why a dip in claims amongst females aged 30-39 is observed.

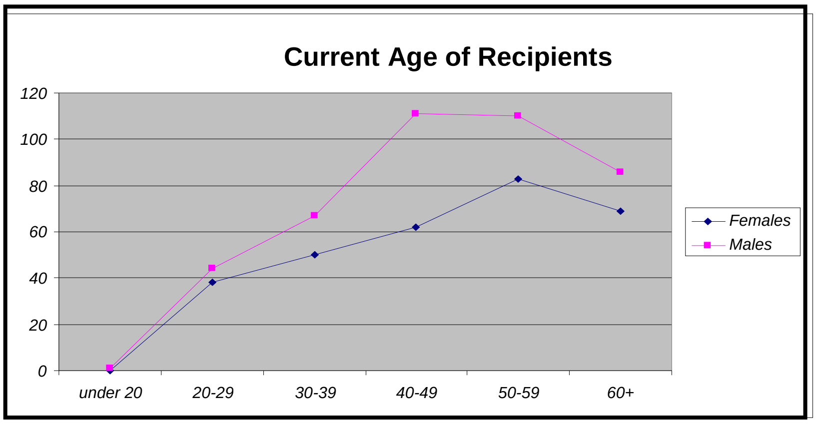
Figure 3.1 Profile of Disability Allowance Recipients by Age at which Most Recent Claim Was Made



Source: DSP, 2010

Figure 3.2 shows that the age profile of male recipients peaks at the 40-49 age group and remains broadly steady through the 50-59 age group. Females have the greatest representation in the 50-59 age group.

Figure 3.2: Current Age of Disability Allowance Recipients



Source: DSP, 2010

The 2010 Value for Money Review of the DA scheme also referenced a comprehensive statistical analysis carried out on the DA claims in payment at the end of December 2006. The number of claims reviewed was almost 84,000. The analysis showed that the average duration of payment claims was approximately 6.6 years. Information on the means of DA recipients was also analysed. When data on DA recipients in 2006 was matched to the 2004 P35 file[28] , only 17% were found to have participated in paid employment and more than half of these had annual

[28] The P35 is an end of year annual return an employer is obliged to submit the Revenue Commissioners that includes details of PPS numbers, pay, tax, PRSI, benefits paid and pension products of all employees, including directors.

incomes of less than €5,000. In addition, the data on the intake of DA recipients in 2005 showed that they were unlikely to come from full-time employment given that almost 80% of the recipients were not recorded on P35 forms in 2004 (DSP, 2010).

3.2. Profile of Recipients: Domiciliary Care Allowance (DCA)

There is very little data available relating to DCA prior to April 2009 when the DSP took over the scheme from the HSE. The nature of HSE administration meant that there was no central database and significant variations in administrative practices and record keeping. As a result comparisons between the HSE and DSP operation of the scheme are not practical.

In 2009, there were 23,570 recipients in respect of 25,300 beneficiaries. A total of 1,647 recipients are getting DCA for more than one child; of these, most get it in respect of 2 children (92%) while there are 10 cases where DCA is in payment for four children in the household. This had risen to 24,100 recipients in 2010, in respect of 26,000 beneficiaries.

The numbers receiving DCA have more than doubled in under a decade, from 11,000 in 2001 to 26,000 in 2009. This was due in part to acceptance of certain conditions as constituting severe disability (mainly intellectual disabilities such as Autism and more particularly ADHD and Asperger’s syndrome). A small element of the increase is due to the age from which the allowance can be claimed. Initially, DCA was not available to those under two years of age as it was considered that all children under two years effectively needed full-time care and attention. From January 2000 this was changed to be payable from birth.

However, as seen in Table 3.6, the numbers in receipt of DCA below two years of age are small as many developmental and neurological conditions as well as Autism spectrum disorders (ASD) are not diagnosed until three or four years of age. Those on DCA prior to age two would tend to have readily identified physical disabilities or conditions such as Downs syndrome. Table 3.6 also shows that 56% of current recipients are aged nine to 15.

Table 3.6: Current Age Profile of Domiciliary Care Allowance Recipients

Age	Number	% of Total Recipients
Less than 1	320	1.2
1	685	2.7
2	870	3.4
3	1,106	4.3
4	1,371	5.3
5	1,535	5.9
6	1,700	6.6
7	1,844	7.1
8	1,942	7.5
9	2,018	7.8
10	2,197	8.5
11	2,120	8.2
12	2,149	8.3
13	2,058	8.0
14	1,968	7.6
15	1,920	7.4
Total	25803	100.0

Source: DSP, 2011
Does not include those between 15 and 16 as DCA ends when the child is 16

Again, while detailed data on the medical conditions of those in receipt of DCA are not readily available, Table 3.7 draws on one and two year scheduled review data for 2012. These are the cases that are scheduled for review in 2012, as based on a one or two year cycle of review. They illustrate the most prevalent medical conditions within these cohorts. The remaining approximately 60% in both cohorts have a wide variety of other conditions.

Table 3.7: Indicative Prevalent Medical Conditions for DCA Recipients

Medical Condition	Number		% of Total Review Cases	
	1 year schedule	2 year schedule	1 year schedule	2 year schedule
ADHD	68	56	6.6	10.6
Autism	68	33	6.6	6.3
Asperger's Syndrome	17	80	1.7	15.2
Developmental Delay	84	23	8.2	4.4
Cerebral Palsy	13	n/a	1.3	n/a
Cleft Palate	12	n/a	1.2	n/a
Congenital Heart Condition	17	n/a	1.7	n/a
Diabetes	19	7	1.8	1.3
Dyspraxia	16	9	1.6	1.7
Epilepsy	36	8	3.5	1.5
IDDM (insulin dependent Diabetes)	31	12	3.0	2.3
Prematurity	25	n/a	2.4	n/a
Tetralogy of Fallot	15	n/a	1.5	n/a
Total Sample Cases	421	228	40.9	43.2

Source: DSP. Scheduled Review Data, 2012
Number of all cases (1 year schedule) 1,030
Number of all cases (2 year schedule) 528

About 16% of applications awarded since 2009 have a 'do not refer again' status, indicating that the child's condition is so severe and unlikely to improve that they are not considered in need of a review before their 16th birthday. The most common medical conditions for this cohort appear to be Downs syndrome, Cerebral palsy, Paraplegia, deafness and blindness.

3.3. Drivers of Change in DA and DCA Schemes

Expenditure on DA has more than trebled in the decade from 2001 to the present, reflecting the substantial increase in claimants since its transfer from the Department of Health in 1996. Precise expenditure on DCA is not available but the known significant increase in DCA recipients over the last decade is likely to correspond with a similar order of magnitude in expenditure increase, i.e. approximately double. There are a number of factors that may be responsible for driving this increase. Factors identified with respect to DA include:

- Changes in HSE budget-driven as against DSP contingency-based nature of schemes
- Migration from other SW schemes
- Extension of scheme to people in long-term institutional care

- Easing of means tests
- Increased progression from DCA
- Review/control issues
- Improvement in medical diagnoses
- Impact of migration
- Demographic changes

Factors identified with respect to DCA include:

- Demographic changes (to a limited extent)
- Changes in age limit (payable from birth after 2000)
- Rise in diagnosis of certain medical conditions, especially Autism spectrum disorders (ASD)
- The contingency-based scheme change when DCA was transferred to DSP.

Chapter 4

Advisory Group Recommendation on Budget Proposals

4.1. Conclusions and Recommendations

The scope of the Group's deliberations on the Budget 2012 proposals is limited by the specific nature of these proposals. It is difficult, for example, to explore changes to income maintenance/supports for people with disabilities without also engaging in issues about the costs of participation, equitable treatment of all those of working age or potentially arbitrary age cut-offs where the needs of those on either side of the cut-off do not change but their income support payments could change considerably. In considering DCA, the Group identified a number of broader issues including differing perceptions of the purpose and rationale of the scheme and lack of clarity on what the DCA payment is actually for (the Group gives its own views on this in 4.2). The Group concludes:

- There is a strong rationale for raising the age threshold of DCA to 18.
- The proposal to align DA and JA age-related reductions in payments must be considered within the wider context of the Group's deliberations on working-age income supports. The Group felt this is necessary in order to consider the equitable treatment of the entire working age cohort particularly in terms of the supports and services needed to access education, training and employment. More evidence is needed to support the rationale for age-related reductions for DA recipients as an incentive (or a removal of disincentives) for engagement in activation measures.
- There are a number of implementation challenges that should be addressed, including lack of data and the importance of linking income supports and services, especially to facilitate activation measures for people with disabilities. In this context, the Group welcomes the establishment of the DCA review group that will examine broader issues relevant to the DCA.

On this basis, the Group makes the following Recommendations:

- From 1st January 2013 for all new and existing claimants aged 16 and under, increase the age threshold for payment of Domiciliary Care Allowance to age 18. On this date also set the age threshold for payment of Disability Allowance to age 18, to apply to new claimants only.
- Defer the proposal to implement changes to the payment rates for Disability Allowance to match Jobseeker's Allowance age-related payments for 18 to 24 year olds until the completion of the Group's consideration of working-age income supports. This work will now include examining the implications of the proposed DA age-related changes across the working age cohort. The implementation of the first recommendation means that there will be very few new applicants for DA in the years 2013 and 2014, creating a window of opportunity in which to decide if any further changes should be implemented.

- Adopt or progress responses to a range of implementation challenges regarding DA and DCA. These will achieve more effective and efficient administration, contribute to the successful delivery of the DA and DCA schemes and may create additional savings.

4.2. Changing the Age Thresholds of DCA and DA

4.2.1. Rationale

The Group agree that the rationale and objectives of the DCA are to address the extra costs to households arising from the additional care required by children with disabilities. The Group feel that the DCA is in line with income maintenance/ allowance schemes internationally that tend to cover assumed additional costs for goods and services associated with having a disability (and/or the presence of disability in a households). The rationale for changing the DCA age threshold to 18 is:

- to acknowledge that most 16 and 17 year olds are living with their parents and those parents therefore continue to have additional costs for the care of their children; and
- to help ensure that there is every reason for 16 and 17 year olds to remain in education and thus improve future employment prospects.

The Group agree that the historical antecedents of the DA no longer justify payment of the allowance at 16 and that the needs of young people with disabilities are better met by extending the age limit of the DCA to 18. The most compelling reason for this change is that there is strong evidence that payment of DA from 16 can encourage early school-leaving and generate early welfare dependency.[29] This creates greater poverty risks and higher likelihood of suffering social exclusion. Low educational attainment is cited as a key factor in the low participation rates in employment for people with disabilities. Therefore changing the DA age threshold removes a disincentive for young people and may encourage them to stay in education, and in turn improve their chances of employment. This is also in line with international trends towards the activation of people with disabilities and a focus on addressing 'disabling' barriers. The 2010 Value for Money Review of the DA scheme states 'the case for increasing the minimum age for DA from 16 to 18 remains compelling' although it also recommends that immediate income impacts are mitigated through stepped changes.[30] Finally, as noted in Table 1.3 the estimated full-year cost savings of raising the age threshold to 18 is €10.4 m.

[29] The 2010 Value for Money Review notes that DA is a strong confirmation factor in early school leaving, in instances where the person perceives the end result of staying in education would be to go onto the DA in any case.
[30] DSP (2010) Value for Money Review of the Disability Allowance scheme. DSP: Dublin, p. 123.

4.2.2. Eligibility Criteria and Income Impacts: Concerns raised by submissions

Two significant issues were raised in a number of submissions to the Group in relation to Budget 2012 proposals: 1) that eligibility criteria for DCA and DA are different and it may be possible that a person fulfilling the criteria for DA would not have access to DCA as a compensatory payment; and 2) that the income loss for 16 and 17 year olds would not be matched by the income gain from receipt of DCA and their needs would not be met.

Different eligibility criteria do apply for the two schemes at present. However, the Group consider that there are a number of criteria that either favour the DCA or that apply equally to both schemes. These are:

- Both DCA and DA are awarded following medical assessment. The profile of young people aged 16 to 24 with disabilities suggests that the specific nature of medical conditions of this age cohort do not differ significantly. This would in turn suggest that conditionality based on medical assessment would apply to this cohort regardless of whether they were applying for DA or for DCA.
- Receipt of the DCA, unlike the DA, carries with it the automatic entitlement to a number of additional social welfare payments.
- Given that many if not most of those aged 16 to 17 continue to live at home, the Group is of the view that most of this cohort will continue to meet DCA criteria in terms of additional care and attention requirements.
- The DA is means tested while the DCA is not.

The second concern, of income loss/gain, is complicated by the different combinations of benefits and tax credits which are available to DCA and DA recipients. While the absolute difference between payment rates for DA and for DCA is substantial, these additional benefits and credits can make a considerable difference. Tables 1.2 and 1.3 estimated income loss/gain by considering payment of DA or DCA in conjunction with a number of associated benefits, including Carer’s Allowance, the Household Benefits package, Free Travel Pass and the Respite Care Grant. Payment or not of full Carer’s Allowance/ Benefit at €204/€205 a week is the most significant factor in determining income loss/gain, although receipt of a lump sum in the form of the Respite Care Grant is also significant. Tax credits can add a reasonable sum to the household income (the Incapacitated Child Tax Credit can add approximately €63 a week). However, this amount is not included here in estimations of income gain/loss most notably because a relatively small number of all DCA and DA recipients are getting the tax credit.

It is important to remember that DA is meant as a payment to an individual, not as household income. Other associated benefits paid to parents are less likely to be in payment with the DA, as DCA confers automatic entitlement to a number of these. Household income gains from DCA together with associated payments (as against individual income losses) may be more effective in meeting the needs of the 16 or 17 year old living at home, as it can allow for better pooling of resources and more efficient economies of scale. It is also important to consider other non-financial gains, for example long-term advantages accruing from continuing in education (including possibility of higher future earnings). Extended coverage of the DCA also allows for the possibility of greater financial capability of the person with a disability. Finally, the DA/DCA differential will be much less if age-related reductions in DA are introduced. The Group intends to look again at 16 and 17 year olds and their transition into the working age population, in its consideration of working age payments.

4.2.3. Recommendation 1

From the 1st January 2013, the Group recommends that:

- For all new and existing claimants aged 16 and under, increase the age threshold for payment of DCA to age 18. On this date also set the age threshold for payment of DA to age 18, to apply to new claimants only.
- Any person who is 16 years of age or older and already receiving DA continues to receive that amount. No existing payment would be reduced on grounds of the person's age.
- A person with a disability who is 16 or 17 years of age and who has not already claimed DA cannot claim DA until he or she reaches 18 years of age. Their parents may apply for DCA if they have not already done so.
- Child Benefit would remain payable to 16 and 17 year olds if the child remains in full time education or is medically dependent on the person making the claim.
- All other eligibility criteria including entitlement to additional benefits for both the DA and DCA would remain unchanged.

The Group notes that these changes will create up to a two-year time lag as new claimants aged 16 and 17 will be directed into DCA rather than DA, existing DCA claimants will be covered to aged 18, and there will be only a small number of 16 and 17 year old existing DA claimants. This gives time to consider further changes.

4.3. Aligning Age-related payments of Jobseeker's Allowance and Disability Allowance

4.3.1. Rationale

In Ireland as in most other European and OECD countries, social protection/social welfare systems are undergoing significant reform, moving from passive income supports to a focus on activation and employment. Central to these reforms is the principle that, all things being equal, all people of working age should be assisted and encouraged to participate in education, training and eventual employment. These policies have also maintained the rationale that income support payments are needed to make up loss of income in instances where someone is unable to work, due to their disability or illness. The drive to increase employment of people with disabilities has additional benefits, for example in maximising participation in the labour force (to counteract ageing population trends and help drive economic growth); in the greater social inclusion of people with disabilities; and in reducing poverty risks associated both with unemployment and with disability.

The Supplementary Budget 2009 introduced the first of age-related reductions in JA, to €100 a week for 18 and 19 year olds (with some exceptions, notably for those with dependent children or participating full-time in education and training). In addition to providing savings and reducing costs, the rationale for these age related reductions was to incentivise education and training, promote employment opportunities and avoid welfare dependency. Subsequent age-related reductions to JA in Budgets 2010 and 2011, extending up to 24 year olds, were motivated by the same rationale. Age-related reductions can also be viewed as in line with the lower expected earnings of young jobseekers relative to older jobseekers.

4.3.2. Recommendation 2

The Group feels it cannot recommend age-related reductions in DA until it considers and examines working age income supports in accordance with its Terms of Reference. A broader discussion is required on the equitable treatment of the entire working age cohort, the activation measures this group needs and how to address the specific needs of people with disabilities across the cohort. The Group also needs time to gather evidence that the rationale for age-related reductions for DA recipients is justified.

Therefore the Group recommends the deferral of the proposal to implement changes to the payment rates for DA to match JA age-related payments for 18 to 24 year olds until the completion of the Group's consideration of working age income supports. This work will now include examining the implications of this proposal across the working age cohort and in light of reforms to the social welfare system towards activation and employment. The two main issues to be considered are outlined below.

Addressing the costs of participation

In the Group's consideration of the DA payment, questions were raised about the effectiveness of an income support measure for unemployment/inability to work, and whether other services and supports might be more effective in fostering activation and employment measures. Of particular concern is that people with disabilities, regardless of age, face additional barriers to participation in education, training and employment. These may arise due to the nature of their disability or illness, from the effects of cumulative disadvantage and social exclusion, from neighbourhood and workplace 'disabling' barriers and wider social and economic conditions. The effects can be dynamic. Difficulties in accessing employment can in turn lead to further distancing from mainstream labour markets and lower job readiness. Cumulative disadvantage and especially low educational attainment drive greater poverty risks and higher social exclusion, which in turn create further disadvantage and contribute to poorer health.

Overcoming barriers to participation requires a two-fold response. One relates to broader issues such as disability policies, adequate and appropriate service provision, tailored activation and related supports, employer-side measures and effective equality legislation. Addressing these issues is well beyond the scope of the Terms of Reference of the Group. However, it recognises that reforms in this area are critical to the success of increasing the participation of people with disabilities in full employment, or in other meaningful work and activities that promote quality of life and social inclusion.

The second response to overcoming barriers is to address the costs of participation through the social welfare (and to a lesser extent, tax) systems. This is within the Group's remit. Addressing such costs is important not only for young jobseekers with disabilities but for any person with a disability seeking employment. The Group also recognises the important role of the social welfare system in continuing to provide for loss of income in cases where the costs of participation are so prohibitive as to prevent any prospect of entering into the open labour market, although engagement in other activities may still be possible and are important for quality of life.

Facilitating the transition to working *age adult*

Considering age-related reductions for DA recipients in the broader context of working age income supports can allow scope for the Group to examine the role of these supports in facilitating the transition from adolescence to working age adult for any young person, including those with a disability and to examine issues such as the cost of participation in work.

4.4. Progress or Adopt Responses to Overcome Implementation Challenges

In its consideration of the Budget 2012 proposals regarding the DA and the DCA, the Group found that a number of existing implementation challenges are having an effect on efficient and effective delivery of the schemes, as well as having effects on claimants and recipients. It also notes that new implementation challenges may arise as changes as discussed above are implemented. The Group recommends the progression or adoption of responses to overcome these challenges, and for relevant policyholders to take the lead in this area. These will help to achieve cost savings, improve the timely delivery of the schemes and ensure that the DA and DCA achieve its objectives. A number of identified challenges and possible methods of addressing these are set out below.

4.4.1. <u>Address the inequitable treatment and duplication arising from tax credits and redirect savings to other areas</u>

There is potential for considering the role of tax credits in supporting people with disabilities if and when they do enter paid employment. Tax credits can also offset additional care and attention burdens, especially for costs incurred by older parents who are caring for an adult child in the home and whose income is otherwise above the limit for means-tested payments. However, there is strong evidence that these credits are inequitable and are duplicating social welfare payments. Changes to the Incapacitated Child Tax Credit, as the largest spend in this area, would address much of the current inequity and duplication; while at the same time, redirecting spend into other areas (generated from savings in this credit) will help to create better outcomes for people with disabilities.

Inequity in the Incapacitated Child Tax Credit is apparent in several ways. It is only of benefit to parents who have a sufficient net tax liability to avail of the credit. The tax credit is of no benefit to parents who are on relatively low incomes and who have sufficient tax credits otherwise to cover their tax liability. Similarly the credit is of no benefit to parents who are dependent on social welfare income. The parents who need the tax credit most are excluded from benefiting from it. It is clear that the majority in receipt of DCA (roughly double the numbers in receipt of the Incapacitated Child Tax Credit) are not getting the credit. The credit is also available to people who may not be supporting the person with the disability in the home as there is no age cut off point and no review procedures in place; once given the credit continues indefinitely until either the parents/recipients or the child dies.

A second consideration is that although many of those in receipt of DCA are not getting the tax credit, it is probable that there is a group that is getting both DCA and the credit (an estimated two thirds of those getting the tax credit[31]). This is a clear duplication of income support measures for the same purpose, which is particularly problematic given that those receiving DCA and the tax credit are on higher incomes.

The Group recommends that:

- As a first priority and pending availability of data (which may require a survey of existing recipients), abolish the Incapacitated Child Tax Credit for all those aged 18 and under.
- The current spend on this tax credit, for those under 18, is directed to other areas for people with disabilities. Those responsible for disability policies and services should take the lead in deciding how and where to redirect spend.
- Data on birth date/age of ‘child’ (as the tax credit goes to the parents/guardian, this also applies to adult children) and residence is captured on the application form for the tax credit.
- Consideration should also be given to reviewing continued eligibility for the tax credit as appropriate and to aligning medical assessment procedures with those of the DSP.
- In its deliberations of working age income supports, the Group will examine the role of the Incapacitated Child Tax Credit for people with disabilities over 18.

4.4.2. Develop profile data to better understand claimants of DA and DCA and identify their needs, as a matter of urgency

The Group is concerned about the lack of profile data and other details on DA and DCA recipients, particularly for those claims originating in the HSE. Unknown factors around assessment for eligibility, lack of review dates, and poor and inconsistent data collection for these claims may continue to generate costs over and above those due to increases in claimants generally. This will become a diminishing problem as the DSP has put in place review processes to examine these claims, and

[31] The estimated number of those under 18 getting the Incapacitated Child Tax Credit is calculated by matching the Incapacitated Child Tax Credit recipients who are also in receipt of Child Benefit, However, the incapacitated child may not be the one receiving the Child Benefit. 8,305 recipients of the Incapacitated Child Tax Credit also get Child Benefit, giving a rough estimation of approximately two third of the 12,200 recipients who are under 18 (the cohort who would also be getting DCA if the recommendation to raise the age threshold to 18 is adopted).

as existing claimants will cease to benefit from DCA because of their age. There are considerable challenges in completing review processes in an environment where resources are reduced and there is a burgeoning group of people applying for DCA and DA. It is also important to recognise that the review process, although amended in light of concerns voiced by parents in receipt of DCA and by people with disabilities and their representative organisations, can have significant impacts upon families. This is reflected in submissions and in anecdotal evidence.

Other areas of concern are:

- The need to understand and analyse patterns, trends and drivers: for example, DA data show some evidence of gender-differentiated patterns in experience of certain medical conditions and of employment-differentiated patterns by medical conditions. Data from the DCA claims (in terms of potential future DA claimants) and from DA suggest that certain medical conditions are now driving a much greater proportion of claims for these schemes.
- The lack of coordination between services provided by the HSE and income supports provided by DSP.
- The lack of data on progression from DCA to DA that would help to identify future trends and the characteristics of the group progressing.

The Group:

- Acknowledges efforts by the DSP to undertake reviews and suggests further examination of how to progress these issues as quickly and efficiently as possible.
- Considers that a survey of claimants of both schemes (of a statistically significant sample size) would be useful in the first instance, to capture important data not currently available but of relevance to the Group's Recommendations and Terms of Reference. For example, this could include: receipt of other payments and tax credits; birth date/age of child; household income category (if not already collected); for DA, employment details.
- Recognises that welcome improvements in data collection have already begun within the DSP for new claimants.
- Recommends that profile and related data are even more systematically gathered and analysed with a view to better understanding patterns, trends and drivers, as critical factors in the effective and efficient operation of the schemes. This should also help to streamline processes and reduce burdens upon existing recipients to provide documentary evidence that could otherwise be stored with the recipients' files.

4.4.3. <u>Prioritise the review of existing DA claimants in the 18 to 24 age group with a view to investigating needs assessment for this group</u>

Based on a selective sample, 9% of existing DA claimants is under 20 and a further 16% are between 20 and 29. Focusing on reviews for this cohort (especially those under 20) will help to identify barriers and facilitate access to education, training and employment opportunities; and thus help to avoid early welfare dependency.

It is important to note that such reviews are not about existing review processes to determine eligibility. Rather, the specific focus of this recommendation (and of reviews of DCA claimants below) is to build in where possible methods for assessing needs and required supports as part of reviewing a claimant's case. In the first instance, this will be a part of efforts to improve an understanding of the profile and nature of claimants, and dynamics associated with DA (and DCA). In time, in conjunction with wider social welfare reforms such as the integrated employment and support service, scheduled reviews may become the mechanism through which a needs assessment is conducted.

The Group:

- Proposes the prioritisation of DSP reviews of existing DA claimants in the 18 to 24 age group in light of its recommendations above.
- Proposes that this information might in turn be used to identify the needs of this group in order to access education, training and employment.
- Recognises that on-going reforms, as reflected in the introduction of Intreo as an integrated support and employment service to provide an individual case management approach, could dovetail with these reviews and for example identify a cohort to trial a pilot implementation of these services.
- Recognises, however, that reviews regarding continued eligibility have a control function for fraud and error, and that this is highest in the 25-35 age group.

4.4.4. <u>Prioritise review of DCA claimants in the 14 to 16 (to 18 as needed) age group</u>

Prioritising the review of these claimants – again, a relatively small cohort – could help to identify and further develop the continuum of supports needed to allow this group to successfully transition to working age adults. Although not designed as a needs assessment process as such, the reviews may help to identify a range of groups for whom supports are needed.

The Group:

- Recommends the prioritisation of reviews of DCA claimants in the 14 to 16 (to 18 as needed) age group, again with a view to improving understanding of the nature and profile of these claimants, and the dynamics of the DCA scheme.
- Suggests that in time, it may be possible to consider (as with dovetailing Intreo and claimant reviews) linking educational, health and other relevant expertise together at a review date, to provide a focused opportunity to assess and review needs over time.

This process could for example identify:

- Those who are already engaged in full time education and/or training and whose future needs would be best met by addressing barriers to participation.
- At-risk individuals who need and are likely to continue to need some additional supports to keep them in education or training; and who may also need some longer-term supports and services.
- Those who are already suffering exclusion and disadvantage, and/or who are likely to face significant costs of participation, who will continue to need a high level of interventions and income support to overcome these barriers.
- The very small cohort of people who face prohibitive costs of participation, due to the nature of their disability or illness or to a range of other factors. This cohort is likely to need very long-term (possibly life-long) income and other supports.

If and when DCA is extended to age 18, claimants who are coming up to age 18 should be reviewed in a similar fashion, to ensure that they are best supported for education, training and employment opportunities, or to participate in other meaningful activities, where possible.

4.4.5. Examine the scope for linking DCA claimants into early intervention and prevention services, to improve long-term outcomes

Submissions to the Group suggest that the DCA is used for purchasing services and therapies not provided by the State, but there is no objective evidence of how widespread this practice is. The Group recommends that, as part of the ‘additional care and attention’ dimension of DCA, consideration be given to the needs of the affected child to avail of therapies and services now and into the future, and that efforts are made to link into these services where possible. Early investment in intervention and rehabilitative care will help to ensure that their abilities to fully participate in society both as children and as adults are maximised. Such care will also help to avoid cumulative disadvantages that can make it difficult to have future engagement in productive employment, with considerable economic and social costs. This can also provide more effective and efficient spend and may result in savings on the DCA scheme.

4.4.6. Addressing care dimensions

The Group had some concern that automatic entitlement to associated benefits when awarding DCA duplicates efforts to address similar policy objectives and/or do not meet their stated objectives. In particular, the fact that 40% of DCA recipients are also in receipt of Carer’s Allowance would seem to duplicate the supports for additional care and attention, even though the Group recognises that the Carer’s

Benefit/Allowance is designed to replace income for those who are unable to work due to caring commitments. Evidence would also suggest that the Respite Care Grant is not often used for respite care for children but to supplement household income and/or purchase additional services. There is scope to consider methods for better targeting and/or a clearer distinction on the rationale of such payments. The Group recommends that these issues should be considered by the DCA Review Group.

4.4.7. Consider methods to facilitate financial inclusion and capabilities of young people with disabilities

In considering changes to the age threshold of DA, the Group raised concerns about the financial capabilities of young people with disabilities – and, arguably, of any young person at 16 – to manage and control their income. The Group recommends that young people with disabilities are targeted in financial inclusion and education initiatives, especially regarding access to appropriate and affordable financial services and to money management services. Increasing the age threshold to age 18 can facilitate such efforts, even if it is unlikely to entirely address the issue of financial capability.

4.4.8. Progress implementation of Value for Money Review of the DA scheme Recommendations

The Group supports the continuing implementation of recommendations from the Value for Money Review of the DA scheme that will be of benefit to the successful implementation of changes here. For both DA and DCA, changes such as assigning a designated medical code, date of onset of disability and a review date for all new claimants are an essential first step. The progression of computerised records is also critical. These changes would allow for the tracking of claimants and especially analysis of progression into and out of employment, information on duration of disability, etc. that could allow for much greater responsiveness, efficiency, effectiveness and equity in the operation of the schemes.

Appendix 1 Terms of Reference

1. The Government agreed the following terms of reference for the Advisory Group:

a. To constitute a forum to which the Minister for Social Protection may refer specific issues around the income supports and tax systems so that they provide good incentives to take up work and to contribute to the reduction of poverty and child poverty in particular. In particular, the Advisory Group will examine the following specific issues and make recommendations on:

i. Child and family income supports (in particular child benefit, increases for qualified children and the family income supplement);
ii. Working age income supports (including unemployment payments and similar payments made by other agencies, one parent family payment, one parent family tax credit, back to work tax credit, increases for adult dependants as well as secondary benefits such as medical cards and rent and mortgage supplementary payments);
iii. The appropriate unit of assessment in both the tax and social welfare codes;
iv. How to address identified anomalies in the interaction of tax and social welfare codes.

b. To examine and report on issues involved in providing social insurance cover for self-employed persons in order to establish whether or not such cover is technically feasible and financially sustainable;

c. To examine and report upon how to improve interaction between the tax, social welfare systems and other supports so as to improve the operation of both in a cost-effective way and in the delivery of positive social and economic outcomes;

d. To examine and report upon any other issue that may be referred to the Group by the Minister for Social Protection following consultation with the Ministers of Finance and Public Expenditure and Reform and the agreement of the Minister for Finance on taxation matters.

It is intended that the Advisory Group should consider any proposals for change to existing arrangements in a cost-neutral or cost-reducing context.

2. Following Budget 2012, the Minister for Social Protection, Joan Burton T.D. refers the following additional terms of reference to the Advisory Group:

a. To examine and report on the policy objectives underpinning the Budget 2012 proposals regarding:

i. Changes in the eligibility criteria and rates of payment for Disability Allowance (DA);
ii. The increase in the age threshold for payment of Domiciliary Care Allowance (DCA);

b. To assess the effectiveness of the Budget 2012 proposals in delivering on the policy objectives taking account, inter alia, the ease of implementation and the timing/phasing of implementation; and

c. To consider alternative ways as to how the policy objectives might be achieved.

Membership of the Advisory Group on Tax and Social Welfare as announced on 25th June 2011

Ita Mangan, Chairman of the Advisory Group

John Bohan, Department of Social Protection

Niall Cody, Office of the Revenue Commissioners

Micheál Collins, Department of Economics, Trinity College Dublin*

John Conlon, Department of Public Expenditure and Reform

Catherine Hazlett, Department of Children and Youth Affairs

Paul Kealy, Department of Jobs, Enterprise and Innovation

Geralyn McGarry, Citizens Information Board

Aebhric McGibney, Dublin Chamber of Commerce

Pat Mahon, Pricewaterhouse Coopers (PwC)

Derek Moran, Department of Finance

Mary P. Murphy, Department of Sociology, National University of Ireland, Maynooth

Brian Nolan, School of Applied Social Science in UCD

Marie Sherlock, SIPTU

John Sweeney, National Economic and Social Council

*Since moved to a position with the Nevin Economic Research Institute

Gerry Harrahill replaced Niall Cody in June 2012 as the Revenue Commissioners representative

Brenda McVeigh replaced Derek Moran in May 2012 as the Department of Finance representative

Secretariat to the Advisory Group on Tax and Social Welfare

Joan Gordon, Department of Social Protection, Secretary to the Advisory Group

Ciaran Diamond, Department of Social Protection

Denise Tully, Department of Finance

Joe Twomey, Office of the Revenue Commissioners

Kasey Treadwell Shine replaced Joan Gordon as Secretary to the Advisory Group in April 2012

Appendix 2 Consultation Process

As part of the consultation process for the Advisory Group, an invitation was placed in national newspapers inviting interested organisations, stakeholders or individuals to make written submissions on the topic of DA & DCA. A further call for submissions was also issued to those who had registered an interest in making submissions at various stages of the Advisory Group consultation process. The main issues raised in the submissions are outlined below under various broad headings along with some of the key recommendations made.

A2.1. Rates of Payment

A large majority of the submissions to the Advisory Group were in opposition to a blanket cut in rate of DA for those under 25 in order to bring them into line with other working age payments. The proposal was described as showing a clear lack of understanding of the position of those with a disability and their families. The most notable criticisms of the proposal were:

- It would result in a dramatic loss in income for those under 25 currently receiving DA. This it was claimed would result in young people with disabilities being excluded from society and slipping into poverty.
- It fails to take into account the extra costs associated with having a disability including: transport, medical and extra day to day living expenses. Associated with this is a request made in a number of the submissions for a cost of disability payment and a belief that any reduction in payment should be accompanied by the introduction of additional supports and services.
- It makes assumptions about the ability of young people with disabilities to access work, training and education particularly in comparison with their non-disabled peers. Many of the submissions appeal for those on DA to be allowed access to work, training and education schemes.
- The ages 18-24 were seen as a key period in the lives of people with disabilities when the greatest degree of support is required in order to ensure they receive training, education or other provisions to guarantee active participation in society and prevent welfare dependency.
- A further recommendation found in some of the submissions was for the introduction of a new assessment process for DA. This would involve the placement of people with disabilities into categories depending on their capacity and not their disability. The level of support received would be dependent upon which category a DA recipient was placed in.

A2.2. Eligibility Criteria

A majority of the submissions on DA were strongly opposed to an increase in the age of eligibility for DA from 16 to 18; the reasons given were similar to those above, that is:

- It fails to take account of the significant extra expenses associated with disabilities for both the person themselves and their family or carers. These expenses can include; transport, therapy, aids, appliances, special equipment.
- An immediate increase in the age of eligibility from 16 to 18 would lead to a significant loss of expected income and as such the proposal should be implemented in a stepped manner.
- Any changes to align age limitations should only take place if necessary income and personal supports for people with disabilities are in place.
- The eligibility criteria for DCA and DA differ and it is possible that a person fulfilling the criteria for DA would not have access to DCA as a compensatory payment.

A small amount of the submissions did accept that the current high rate of DA paid to 16 year olds delivers the wrong message in terms of continued education and training and encourages welfare dependency. While those submissions which accepted this were in favour of increasing the age of eligibility for DA, they maintained that as a compensatory measure the rates of DCA paid to parents of 16 to 18 year olds must be significantly increased.

A2.3. Domiciliary Care Allowance

On the subject of DCA the submissions displayed a mixed response to the proposed compensatory measure to increase the age of entitlement from 16 to 18 to offset the loss of DA at 16. Many of the submissions stressed the significant shortfall between DCA payment and DA payment and the difficulties this could cause for those anticipating receiving DA. However most of these submissions did accept the need to bring DA in line with other similar working age payments and the disincentives to continuing education and finding work associated with payment of DA from 16. A number of these submissions suggested that the rates of DCA for those aged between 16 and 18 should be increased to a figure closer to the DA rate, while some others suggested phased implementation of the proposal over 2-3 years. Many of the submissions came from individuals and in particular parents of children with disabilities. These submissions stressed the importance of the DCA payment in supporting their children's needs especially in relation to; therapies, education, specialist equipment and other such services which they described as essential but which are not provided by the State. Overall, serious concern was expressed at any further changes to the eligibility criteria for DCA especially in relation to children with

Autism spectrum disorders and there was a general call for greater supports to young people with disabilities to limit the impact of the loss of DA from 16.

A2.4. List of Submissions

• Aspire Ireland	• Barnardos
• Brothers of Charity	• Citizen's Information Board
• Clare Voices for Autism	• Disability Federation of Ireland
• Dóchas	• Down Syndrome Ireland (Dublin)
• European Anti-Poverty Network (Ireland)	• Flannery, Deirdre
• Foley, Ciara	• Galvin, Naoimh
• Galway Autism Partnership	• Harris, Simon (T.D.)
• Inclusion Ireland	• Irish Autism Action
• Kelly, Suzanna	• Kerry Network of People with Disabilities
• Kyle, Geraldine	• Lloyd, Chris
• Laois-Offaly Families for Autism	• McCarthy, Patrick
• McDonnell, Teresa	• Mid Leinster Disability Forum
• Mid-West Parents	• Mental Health Reform
• National Disability Authority	• O' Donnell, Maeve
• O' Mahony, Mary	• O' Reilly, Martina
• People with Disabilities Kildare	• Regional Autism Spectrum Disorders Network
• Rehab Group	• Sheehan, Eileen Mary
• Sheehy, Cathy	• Special Needs Parents Association
• Venegas, Trisha	• Wallace, Martin
• Wise, Damon Matthew	• Wise, Karen Christine

Appendix 3 Tax Credits and Allowances Relating to Disabilities and Long-Term Illness/Injury

Incapacitated Child Tax Credit

Employed person taking care of incapacitated individual

Blind Person's Tax Credit

Guide Dogs Allowance

Home Carers Tax Credit

One-Parent family tax credit

Dependent Relative

Incomes exempt from Income Tax and Capital Gains Tax by reason of incapacities (several exemptions)

Drivers and passengers with disabilities—tax reliefs.

Relief from Customs Duty and VAT on the importation of articles for people with disabilities

VAT Refunds on Equipment

Deed of Covenant

Special trusts for permanently incapacitated individuals

See www.revenue.ie

Appendix 4 Application, Review and Appeals Process and Data for DA and DCA[32]

A4.1. Application, Review and Appeals Process and Data for Disability Allowance

Applications for DA are assessed ‘at desk’ on a case by case basis by the Department’s medical assessors all of whom are fully qualified medical practitioners who have training/experience in human disability evaluation. The medical assessor’s opinion is based on the medical information furnished as part of the application process. It is important to note that when conducting an assessment, the medical assessor does not dispute the diagnosis of the person’s own doctor but rather, taking the viewpoint of an occupational physician, considers the adverse effects that the person’s condition has on the person’s daily activities and capacity for work.

Not only does the medical assessor have regard to the person’s medical condition but he/she also considers the person’s medical history, treatment regime, medication as well as a personal ability/disability profile of the individual. Medical Assessors also employ evidence based protocols to assist them with their desk assessments. The desk assessment process is much less time consuming than an ‘in person’ process and as medical assessors do not diagnose, treat or give advice, the desk assessment process is considered to be a more efficient use of resources.

In cases where applicants are notified that they have not satisfied the medical conditions of the scheme they are advised to submit any further medical evidence relevant to the case which is then reviewed by a medical assessor. In addition applicants are advised regarding the option of appealing their case to the independent Social Welfare Appeals Office. In cases of appeal the medical evidence is reviewed by a different medical assessor. In certain circumstances a medical assessor may decide to call an applicant for an in-person assessment. However, in most cases the medical evidence furnished in support of the application is such that an in-person assessment is not required.

[32] This information was provided by the relevant policy holders in the Department of Social Protection. It is intended as a description of the relevant processes and data rather than to identify potential issues relating to these. The recently established DCA Review Group will be examining these issues.

A4.1.1 Refusals

The number of claims for DA refused (for any reason(s)) in 2010, 2011 and to end of March 2012 was 10,316; 14,116 and 3,458 respectively. In terms of the numbers of claims decided in the relevant periods, the percentage of claims refused in 2010, 2011 and in the first quarter of 2012 was 54%; 58% and 60% respectively. These statistics refer to initial decision only and do not reflect cases which were subsequently allowed following a deciding officer's review of additional information/evidence supplied, or following a determination by an appeals officer of the Social Welfare Appeals Office. It is difficult to provide accurate statistics regarding the reason for these refusals as some claims are refused on more than one ground. However it is estimated that approximately 87% of refusals are on medical grounds; 3% on means; 3% on habitual residency and 7% on other or miscellaneous reasons. Other/miscellaneous reasons may include claims refused because means have not been fully disclosed; whereabouts of the claimant not known; claimant in prison; claimant not resident in the State.

A4.1.2 Appeals

The current average time to process DA appeals decided by summary decision is 32.3 weeks and for oral appeals the average time is 40.7 weeks. These processing times are calculated from the registration date of the appeal to the date of its finalisation and include all activities during this period including time spent in the Department for comments by the deciding officer on the grounds of appeal put forward by the appellant and any further investigation, examination or assessment by the Department's inspectors and medical assessors, that is deemed necessary. Some 4,758 DA appeals were determined by appeals officers in 2011. Of these 1,830 (38%) were successful or partly successful and 2,928 (62%) were not successful.

A4.1.3 Review and Controls

A risk-based model of reviewing DA claims came into operation on 26 January 2009. Prior to that, a review by date system had existed. Under the risk-based review system, the deciding officer, depending on the circumstances of individual claimants, assigns a control risk rating to the medical and means categories when either making a decision on a new claim or revising a decision on an existing claim. Reviews are then targeted at those claims which are seen as high risk with a% of medium and low risk claims also being reviewed. This policy is currently being reviewed and will take into account the results of a forthcoming Fraud and Error Survey of the scheme. Other control activities carried out on DA claims include:

- Data matching exercises with Revenue regarding commencement of employment
- Data matching with Prison Service regarding DA claimants imprisoned
- Computer scans to ensure duplicate payments are not issuing
- Review of claims where payments are not being cashed for a number of weeks
- Review of claims with earnings
- Review of claims where compensation claims are pending
- Claims are requested for review by social welfare inspectors
- Probate cases reviewed
- Mailshots

A4.2. Application, Reviews and Appeals Process for DCA

The application process operated by the Department involves the submission of a detailed statement by the parent or guardian of the child; a detailed statement by the child's General Practitioner; and any other relevant evidence from qualified experts who have examined the child. This evidence is assessed by designated Departmental Medical Assessors who have received special training in the area of child disability. As scheduled reviews are specifically targeted at the medical criteria, 99.9% of disallowances will be for this reason.

Table A4.1: Domiciliary Care Allowance applications – 2009 to 2011

	Applications received	Applications processed in year	Applications allowed (% total)*	Applications disallowed
2009 (from 1st April)	3,389	2,823	1,220 (43)	1,603
2010	5,457	5,333	2,576 (48)	2,757
2011	5,525	5,396	2,502 (46)	2,894

Source: DSP, 2011

A4.2.1 <u>Sample review of HSE cases</u>

When the HSE administered the scheme, it was done on a local area basis, without a legislative framework but by way of annual circular. It is considered that there was significant variation in the success rate for applications from area to area, with some areas having a significantly higher success rate than others. There was also significant variance in the level of record keeping with some area recording data more completely than others. As a result over 50% of customers that transferred to DSP in 2009 do not have a review date or medical condition recorded. As a result, a full review of these cases is planned and this will allow for new relevant review dates to be established and for the type of disability to be recorded for each child.

A sample review of 100 such cases indicated that 40% of the migrated claim load would no longer qualify for payment if they were reviewed. This should not be interpreted to mean that these customers should not have been awarded DCA in the first instance, as it may be an indication of an improvement in their case over time.

A4.2.2 Scheduled Reviews of DCA

DCA cases are routinely reviewed to ensure that the conditions for receipt of the payment continue to be met. Cases are reviewed based on either:

1. A scheduled review based on the recommendation of the medical assessor when the claim is initially processed; or

2. On the basis of information received about a change of circumstances which potentially affects the continued entitlement of a case already in payment.

Scheduled reviews, on the recommendation of the medical assessor, are based on the prognosis of the child's disability and how their condition may improve over time. The review interval will vary from 12 months in cases where the child's disability is likely to improve significantly/care needs reduce in the short term, to a 5 or 10 years review date if the child's condition is likely to remain unchanged for the foreseeable future. In circumstances where a child has a lifelong disability that is unlikely to improve by any significant degree, a 'do not review again' status may be used.

DCA reviews are initiated with the parent/guardian being asked to complete a 'review of medical criteria form', which also requires medical input from the child's GP. The parent returns this form together with any additional recent reports of on-going medical or therapeutic services the child may be receiving. This information is then sent for review by one of the Department's medical assessors who will provide an opinion to the deciding officer on whether the child still meets the medical criteria for receipt of the payment.

The timescale for the return of the completed review form and supporting documentation has recently been extended following a review of the original 21 day timescale. The claimant, when their payment is initially awarded, is now informed of the review date that will apply in their case. The extensions is to address concerns on the time frame allowed and provides claimants with additional time to gather supporting documentation or medical reports they may wish to submit in advance of the review date.

The decision of the deciding officer is communicated to the claimant in writing and they are given the option to appeal to the Social Welfare Appeals office. Any new or additional information received after the issue of the revised decision and before the appeal is heard, is further assessed by a medical assessor. In this way, the review process affords parents/guardians every opportunity to provide additional information and to have this information assessed at an early stage with payment restored where necessary, in advance of an appeal hearing.

Table A4.2 sets out the total number of scheduled reviews undertaken in 2010, 2011 and 2012, based on recommendations from medical advisors. The first review was not carried out until mid-2010 as the scheme only transferred in 2009. The average age of children being reviewed in 2012 is 6.6 years at the mid-point of 2012.

Table A4.2: Total Number of Scheduled Reviews Undertaken

Year	Reviews	Still Eligible	Not Eligible	Pending
2010	134	80	54	0
2011	403	176	224	3
2012	506	86	57	363

Source: DSP, 2012